SUBJECT: Allocating hotel, sales taxes to certain cities for convention hotel projects

COMMITTEE: Ways and Means — favorable, without amendment

VOTE: 9 ayes — D. Bonnen, Bohac, Darby, Murphy, Murr, Raymond, Shine, Springer, Stephenson

0 nays

2 absent — Y. Davis, E. Johnson

WITNESSES: For — Byron Hebert, City of Katy; Charles Bujan, City of Port Aransas; Rick Ramirez, City of Sugar Land; (*Registered, but did not testify*: Kayce Reina, City of Katy; David Parsons, City of Port Aransas; Trey Lary, Katy Development Authority; Justin Bragiel, Texas Hotel and Lodging Association)

Against — (*Registered, but did not testify*: Adam Cahn, Cahnman's Musings)

BACKGROUND: Tax Code, sec. 351.102(b) allows certain eligible central municipalities to allocate municipal hotel occupancy tax revenue collected from hotels located on property owned by the municipality and located within 1,000 feet of a city-owned convention center to certain debt. The revenue can be used to pay bonds or obligations for costs related to the hotel and ancillary facilities, including convention center entertainment-related facilities, restaurants, shops, parking facilities, and other infrastructure within 1,000 feet of the hotel or convention center.

Under sec. 351.102(c) and Tax Code, sec. 151.429(h), eligible central municipalities are entitled to a rebate of state sales and state hotel occupancy tax revenue from qualified hotel projects. Tax Code, sec. 351.001(7) defines eligible central municipalities.

DIGEST: HB 3838 would allow municipalities that met the description in the bill (Katy, Port Aransas, and Sugar Land) to qualify as eligible central municipalities that could use rebates of state sales and state hotel occupancy taxes related to qualified hotel projects in accordance with the guidelines in Tax Code, 351.102.

This bill would take immediate effect if finally passed by a two-thirds record vote of the membership of each house. Otherwise, it would take effect September 1, 2017.

NOTES: According to the Legislative Budget Board, the bill would have no impact to the state in fiscal 2018-19. The fiscal impact to the state would be an estimated $1.1 million in fiscal 2021 and $1.5 million in fiscal 2022.

A companion bill, SB 1545 by Kolkhorst, was approved by the Senate Natural Resources and Economic Development Committee on April 20.